

# Panorama of mobile banking in India

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## Abstract

Banking creates a foundation of every industry. Over the years it has transformed from a traditional bricks and mortar branch network system to modern day mobile banking where banks can serve the customers anytime. The information technology has been used in two different ways to improvise banking systems and services. First is enhancement of connectivity and communication with customer and secondly accentuating the business processes. Mobile banking has offered customers a freedom to pay their bills and do transactions whenever they want. On the other hand banks can do marketing of their products by sending updates to customers and develop more intimate relationship with customer by designing customized products for customers. This paper examines adoption of mobile banking and challenges in mobile banking adoption in India. The study is concluded by giving suggestions on how mobile banking technology can be used to provide better customer service.

**Keywords:** *Mobile banking, technology adoption mobile payments.*

## 1. Introduction

Mobile banking has aroused as one of the most popular mode of banking in India. According to the report of Internet and mobile association of India (IAMAI) the number of mobile internet users has increased by 17 percent from 456 million in 2017 to 478 million in 2018. This ubiquity of cell phones is a major stimulus for mobile banking adoption. The government of India is also urging people to use mobile banking. It has launched Bharat Interface for Money (BHIM) app which enables users to make payments across all bank accounts instantaneously. The number of mobile banking transactions have increased from 9.47 crore in 2013-14 to 72 crore in 2016-17. In terms of value, there is increase from Rs.224 crore in 2013-14 to Rs.10,572 crore in 2016-17. The daily digital transactions rose from Rs.96 lacs in 2014 to Rs.3 crore in 2017. The strong base of mobile phone users in India approx.117 crore has led to this significant development in use of mobile

banking. (Dutta.S 2017). Mobile banking removes the limitations of space and time from performing any banking activity. It has increased the reach of customer towards bank and vice versa. Now consumers can check account details, perform transactions like money transfer and bill payments, get bank statement while being at their homes or office. Mobile banking has led to anywhere anytime banking.

## 2. Review of Literature

Shanker and Datta (2018) propounded that the current innovation in telecommunication industry has caused launch of new access ways to banking facilities. The prime among these ways is mobile banking where customer interacts with bank via his cell phone. The cell phone has become new personal digital assistant of customer. Sharma and Thomas (2017) said that due to feature of always on function, the mobile banking market has a vast potential. They suggested that mobile phone can augment large number of service channels under one roof thereby providing a low cost self service option to access funds, make payments and gather any sort of information related to banking. Sharma and Kaur (2016) said that banks need to target non net banking users who lack having a desktop but likely to have a smart phone. Banks need to view this channel as a compulsory delivery channel which can be used to provide value added services to clients along with personalized control over finance. Deshwal (2015) affirms bright future of mobile banking in India. He states that age and education play a pivotal role in adoption of mobile banking but with growing culture of smart phones usage in older generation, this notion is also getting changed. Mitter (2018) suggests that it is important for a bank to provide adequate security to customers in mobile payment systems and issues like user financial frauds and account misuse should be tackled appropriately and prudently.

### 3. Advantages of mobile banking

Mobile banking exhibits the biggest advantage is that it radically cuts down the cost of operations for banks. This not only helps in increasing revenue but also helps banks to attract new customers and retain existing ones. When customer can check balance, make payments, make cheque book request on phone itself, this results in decrease in the net footfall of customers in branch so the bank officials can be assigned more value added roles to profit generation. Mobile banking has become most effective way to inform customers about any new services or products. It has become an attractive marketing tool for bank. With help of a mobile app, a customer can be reminded of the outstanding loan status, monthly installment payment regime. This facility helps in reducing the slippages in accounts. A vast geographical area can be covered under encrust of mobile banking. All those places where ATMs cannot be installed and no branch is present in brick and mortar form, mobile banking can be the critical tool to achieve financial inclusion and providing core banking facilities. Thus mobile banking offers an assured way to attain growth. It informs the customer about the services of bank in cost effective way for bank. With mobile banking the account holder is always informed about when his account has been debited and how much money has been transacted every time.

### 4. Challenges in mobile banking adoption

Large rural population of India spreading over across 6 lac villages has a low transaction value. A bank can achieve profitability only when large volumes in mobile transactions can be achieved. The ability of rural people to efficiently use mobile banking service is still low. Most of the mobile banking services utilise English language. However there are around 18 official languages which are spoken in country. In order to increase the reach, the services need to be delivered in regional languages too. Mobile banking users are susceptible to phishing like scam like "SMiShing". In which a user is asked via SMS to tell his bank account details from a hacker which presents himself as bank. People may fall into this trick and money can be stolen from their account. The accuracy of third party transaction via mobile banking is still not correct.

Mobile service providers charge heavy fees from banking institutions for enabling transactions. This cost ultimately falls on the end customer. Mobile banking apps are not compatible in all kinds of handsets. Some software do not support apps of certain banks.

### 5. Conclusion

Awareness about mobile banking services should be created by bank through advertisements, pamphlets, demo etc. Ensuring privacy and security of customer information and data will create a trust between bank and customer. Ease of use and usefulness of mobile app product is very important for adoption of mobile banking. Consideration should be given to trust building and usefulness of mobile banking system. The product should be easily understandable by user. Providing mobile banking services in regional language will also help increase the adoption of this technology. The mobiles phones have huge potential of conducting financial transactions of bank thus leading financial growth by reaching the unserved or underserved customers. Mobile banking can lead to inclusive growth by benefiting the customers who are present at the outmost locations of country. This inclusion of non banking population in financial main stream can occur if all the stake holders like bank, regulatory authorities, smart phone manufacturers and mobile phone subscribers work in tandem with each other. It is the responsibility of all stake holders to ensure privacy and data security of end user.

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